

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE REDUCTION TO)	
THE SURCHARGE FOR THE IDAHO)	CASE NO. GNR-T-05-2
TELECOMMUNICATIONS SERVICE)	
ASSISTANCE PROGRAM)	ORDER NO. 29751
)	

The Idaho Telecommunications Service Assistance Program (ITSAP) provides recipients with a reduction in costs of residential basic local exchange telephone service for eligible customers. Funds for the program are raised through an ITSAP surcharge on all end-user business, residential and wireless access service lines. The Commission determines the uniform statewide monthly surcharge, and the Idaho Department of Health and Welfare administers the program, working with federal programs to "maximize federal 'lifeline' and 'link up' contributions to Idaho's low-income customers." *Idaho Code* § 56-901(1). The ITSAP Administrator provides an annual report to the Commission to enable the Commission to determine the appropriate level of the ITSAP surcharge.

On March 22, 2005, the ITSAP Administrator filed a revised annual report for the fiscal year ending December 31, 2004. Gross revenues from ITSAP surcharges for the year totaled \$1,962,758, approximately one-half of which was assessed on local wireline services; wireless customers contributed approximately one-half. Disbursements to eligible subscribers increased by 6% over the previous year to \$1,273,466. Approximately 30,700 customers were receiving ITSAP support by the end of the year, which is an increase of almost 10% from 2003. Administration costs paid to telephone companies and the ITSAP Administrator's fees also increased, but the ITSAP fund contained a balance at the end of the year of \$312,992.

The Administrator's report also noted a fairly significant increase in the number of wireless access lines over the previous year, increasing to approximately 642,000. The number of residential local access lines decreased slightly to approximately 482,000 and the average reported number of business lines decreased slightly to approximately 198,000. The average total number of lines increased overall by about 66,800, however, an increase of nearly 5%, to approximately 1,321,000.

The Administrator estimates the 2005 surcharge funds will remain relatively stable, and also estimated the number of ITSAP recipients will increase by approximately 6%. The fund

Administrator expects telephone company administration costs to increase by approximately 5% and the ITSAP Administrator fees and expenses to increase by approximately 10%.

The current surcharge level is \$.12 on each end-user business, residential and wireless access service line. The surcharge level was increased to its current level in March 2003. At that time, an increase in the surcharge was necessary because the fund balance was declining and the surcharge level was insufficient to meet the funding requirements for all eligible households. With the surcharge level at \$.12 per line, and an increase in access lines on which the surcharge is applied, the reserve balance in the ITSAP fund has significantly increased. The Administrator therefore recommended that the surcharge rate be reduced to \$.07 per month per access line. At that rate, the Administrator projected a year-end fund balance for 2005 of approximately \$464,287. Staff reviewed the Administrator's report and recommended the Commission adopt the Administrator's recommendation to reduce the ITSAP surcharge to \$.07 per access line per month.

Based on the ITSAP Administrator's report and Staff recommendation, the Commission has determined to decrease the ITSAP surcharge from \$.12 per access line per month to \$.07 per access line per month. The Administrator's report shows the fund balance is continuing to increase, and reducing the surcharge level to \$.07 should result in sufficient funds to meet the 2005 funding requirements for all eligible households, while reducing the ITSAP reserve balance to a reasonable level.

ORDER

IT IS HEREBY ORDERED that the ITSAP surcharge is decreased from \$.12 to \$.07 per access line per month on all end-user business, residential and wireless access services. The ITSAP surcharge amount of \$.07 per access line shall be effective May 1, 2005.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8th
day of April 2005.



PAUL KJELLANDER, PRESIDENT

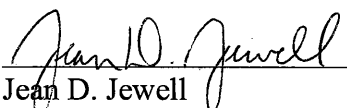


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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